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**UNION OF SOVIET SOCIALIST REPUBLICS**  
**and**  
**IRAQ**

**Agreement on economic and technical co-operation in the  
development of national oil production industry of the  
Republic of Iraq. Signed at Moscow on 4 July 1969**

*Authentic texts: Russian, Arabic and English.*

*Registered by the Union of Soviet Socialist Republics on 4 May 1971.*

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**UNION DES RÉPUBLIQUES SOCIALISTES**  
**SOVIÉTIQUES**  
**et**  
**IRAK**

**Accord de coopération économique et technique pour le  
développement de l'industrie pétrolière nationale de la  
République d'Irak. Signé à Moscou le 4 juillet 1969**

*Textes authentiques: russe, arabe et anglais.*

*Enregistré par l'Union des Républiques socialistes soviétiques le 4 mai 1971.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE GOVERNMENT OF THE REPUBLIC OF IRAQ ON ECONOMIC AND TECHNICAL COOPERATION IN THE DEVELOPMENT OF NATIONAL OIL PRODUCTION INDUSTRY OF THE REPUBLIC OF IRAQ

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The Government of the Union of Soviet Socialist Republics and the Government of the Republic of Iraq,

Guided by the relations of friendship and cooperation existing between the two countries,

Striving for further development of economic relations between the Union of Soviet Socialist Republics and the Republic of Iraq,

Have concluded this Agreement as follows :

*Article 1*

1. The Government of the Union of Soviet Socialist Republics and the Government of the Republic of Iraq shall co-operate in the development of national oil production industry of the Republic of Iraq, to this end the Soviet organizations on the basis of the General contract shall execute the following works :

- production completion of the Northern Roumeila Oil Field of annual capacity of 5 mill. tons of oil with possible extension up to 18 mill. tons per annum;
- construction of the oil pipeline from the oil production area to the Fao port.

Design work for the production completion of the oil field and for the construction of the oil pipeline and all other facilities shall be carried out by the Soviet organizations in accordance with the Design Assignment issued by the Iraqi Party.

2. All local materials and local expenses as well as materials, equipment, pipes for the pipeline and licenses from any third country shall be financed by the Iraqi Party.

3. The Iraqi Party shall undertake the purchase of local materials and execute the civil engineering part of the work to the extent required by the contract and in accordance with the time schedule specified therein.

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<sup>1</sup> Came into force on 2 February 1970 by the exchange of the instruments of ratification, which took place at Baghdad, in accordance with article 17.

4. All works shall be completed to commission the projects within the first quarter of 1972 subject to timely fulfilment by the Iraqi Party of the obligations stipulated in the contract which will be signed in the shortest possible time.

### *Article 2*

1. The Soviet organizations shall prepare the development project and survey & design work for the production completion of five oil fields in South Iraq (Nahr-Umr, Luhais, Raji, Dujalia, Halfaia), then the possibilities of rendering the technical assistance in the production completion of the above five oil fields shall be considered.

2. The Soviet Party shall also render technical assistance in the production completion of the Ratavi oil field and in carrying out geological survey, geophysical and drilling operation for oil and gas in the areas and in scopes to be agreed upon by the competent organizations of the Parties.

3. All local materials and local expenses as well as equipment, materials and licenses from any third countries required for rendering technical assistance stipulated by point 2 hereof shall be financed by the Iraqi Party.

4. The schedule of the fulfilment of obligations on rendering technical assistance in carrying out geological prospecting and drilling stipulated in point 2 hereof shall be agreed upon by the Parties within 6 months after the signature of this Agreement.

### *Article 3*

The Government of the Union of Soviet Socialist Republics shall extend to the Government of the Republic of Iraq a credit to the amount of 60 million Roubles (one Rouble contains 0.987412 grams of fine gold) at the rate of 2.5 per cent per annum.

The credit extended under this Article, shall be utilized for the reimbursement of expenses incurred by the Soviet organizations in connection with the execution by them of the design and survey works, for production completion of Northern Roumeila and Ratavi oil fields, for the construction of the oil pipeline and for the above mentioned five oil fields, delivery from the USSR c.a.f. Iraqi ports of equipment and materials required for oil and gas prospecting, and production completion of Northern Roumeila and Ratavi oil fields, construction of oil pipe line from the oil production area to the port of Fao, as well as the expenses pertaining to the upkeep in the USSR of the Iraqi nationals sent for vocational training.

In case the total amount of the expenses incurred by the Soviet organizations for rendering technical assistance stipulated by this Agreement, exceeds the amount of the said credit the excess amount shall be covered by the Iraqi Party by delivery of oil to the USSR under the terms and conditions of the Soviet-Iraqi Trade Agreement in force,<sup>1</sup> and/or in convertible currency to be determined and agreed upon by the USSR State Bank (or on its authorization by the USSR Bank for Foreign Trade) and the Central Bank of Iraq.

The interest on the above credit shall accrue from the date of utilization of the appropriate part of the credit. The date of using the loan for paying the values of equipment, machinery and materials shall be deemed that of submitting the shipping documents to the State Bank of the USSR, besides, the date of submitting the invoice to the said Bank shall be deemed the date for using the loan for paying the expenses of designs, exploratory geological surveys and other works.

The State Bank of the USSR shall pay on the date of presentation invoices and documents presented by the Soviet organizations in accordance with duly signed contracts between the Iraqi and Soviet organizations in cases of delay of issuing letters of authorization under the said contracts by the Central Bank of Iraq to the State Bank of the USSR pending receipt of the letters of authorizations by the State Bank of the USSR.

In the event of any change of the gold content of the Rouble, referred to in this Article, the amount of the utilized and unutilized part of the credit shall be recalculated in proportion to such a change in order to retain the gold equivalent of the credit.

#### Article 4

The Government of the Republic of Iraq shall provide for the repayment of utilized parts before January 1, 1973 of the credit stipulated in article 3 of this Agreement by equal annual instalments within 7 years starting from January 1, 1973.

Parts of the credit, utilized after January 1, 1973 shall be repaid by 7 equal annual instalments starting from the year following the year of utilization of the appropriate part of the credit.

The interest accrued as on January 1, 1973, shall be repaid before April 1, 1973, and the interest accrued for each subsequent year—before April 1 of the year, following the year during which it accrued.

The Iraqi Party may effect repayment of the credit and the interest accrued thereon at earlier dates than 7 years stipulated in this article.

<sup>1</sup> United Nations, *Treaty Series*, vol. 328, p. 95.

*Article 5*

The repayment of the credit and the interest accrued thereon shall be effected by the deliveries of oil from Iraq to the USSR at prices realized on the free international oil market in the amounts, under terms and conditions to be agreed by the competent organizations of the Parties.

For this purpose the Central Bank of Iraq shall open a special account in the Iraqi Dinars (one Dinar contains 2.48828 grams of fine gold) in favour of the USSR State Bank (or on its authorization the USSR Bank for Foreign Trade). The recalculation of the Rouble into the Iraqi Dinars shall be effected in accordance with the gold parities of the Rouble and Iraqi Dinar as on the day of payment. The amounts charged on the above account shall be utilized by the Soviet organizations for the purchase of Iraqi oil.

In case of any change in the gold content of the Iraqi Dinar, the USSR State Bank (or on its authorization the USSR Bank for Foreign Trade) and the Central Bank of Iraq shall recalculate the appropriate balance on the above account as on the day of such a change.

*Article 6*

The expenses in the Iraqi Dinars incurred by the Soviet organizations in Iraq in connection with production completion of oil fields in Northern Roumeila and construction of oil pipeline stipulated by this Agreement shall be paid by the Iraqi Party in the Iraqi Dinars other than on account of the credit in accordance with Contracts concluded between the competent organizations of the Parties.

*Article 7*

The Government of the Republic of Iraq shall reimburse to the Soviet Party the expenses by Soviet organizations connected with deputing Soviet specialists to Iraq for rendering technical assistance in the construction of projects and the performance of work stipulated in this Agreement by charging the amounts in Iraqi dinars stipulated in contracts to a special account to be established with the Central Bank of the Republic of Iraq in favour of the USSR State Bank for the Soviet organizations.

The amounts charged to this account may be utilized for current expenses of the Soviet organizations in Iraq, whereas the balance of unutilized credit may be converted into the convertible currency to be agreed upon between the USSR State Bank and the Central Bank of Iraq.

*Article 8*

With an object of registering the utilization and redemption of the credit and interest accrued on the credit extended in accordance with this Agreement, the USSR State Bank (or on its authorization the USSR Bank for Foreign Trade) and the Central Bank of Iraq shall mutually establish the procedure for credit payments as well as agree upon the payment procedure in local currency, stipulated in article 6 hereof.

*Article 9*

The Soviet and Iraqi Parties shall duly notify each other of the respective Soviet and Iraqi organizations authorized for the execution of this Agreement. Either Party has the right to change the organizations authorized for the execution of this Agreement under this article and shall make the notification to the other Party.

*Article 10*

The Soviet and Iraqi organizations authorized for the execution of this Agreement shall make available all information and render assistance to the other Party which may be reasonably required by either Party for due execution of obligations under this Agreement and contracts concluded on its basis and, in particular, shall make available to the other Party the information in regard to the progress of work and other data pertaining to the programs of executing construction of projects by this Agreement.

*Article 11*

The Iraqi Party shall secure within the shortest possible time the obtaining of entry and exit visas to the Soviet specialists sent to Iraq for rendering assistance in accordance with this Agreement as well as shall provide the Soviet specialists, free of charge, with furnished business and dwelling premises having necessary utility services, as well as with medical care and transport means for business trips within the Republic of Iraq.

*Article 12*

Execution of design, survey and geological prospecting works, delivery of the USSR equipment, machinery and materials, sending of Soviet specialists to Iraq, vocational training of Iraqi nationals and other kinds of technical assistance to be rendered by the Soviet Party under this Agreement shall be

effected on the basis of contracts to be concluded by competent Soviet and Iraqi organizations duly authorized by the USSR Government and the Government of the Republic of Iraq, the above contracts being considered and signed within the shortest possible time of the submission date by the Soviet organizations of the same.

The Contract shall specify scopes, time terms, prices (on the world market basis), quality guarantees for the equipment and machinery, the responsibility of the Parties should the force-majeure arise as well as the other specific terms and conditions for executing mutual liabilities under this Agreement.

#### *Article 13*

The amount of oil to be supplied from Iraq to the USSR in repayment of the expenses by the Soviet organizations on rendering technical assistance in the development of the Iraqi oil production industry stipulated by this agreement, as well as the timing, the terms and conditions of oil deliveries shall be specified by the contracts between Vsesojuznoje Objedinenije "Sojuznefteexport" and the Iraq National Oil Company.

It is also understood, that the prices for the Iraqi oil shall be established on the basis of prices formed at the free international oil market.

In case the Iraqi Party fails to supply oil to the Soviet Party as stipulated in article 5 of this Agreement the payment shall be effected by the Iraqi Party in convertible currency. The recalculation of the Iraqi Dinar into convertible currency shall be effected in accordance with the parities of the Iraqi Dinar and the appropriate convertible currency as on the day of conversion.

The Iraqi Party shall secure the delivery to the USSR of oil from Iraqi ports including deep-sea berthing facilities.

#### *Article 14*

The Soviet organizations may cooperate with respective organizations of third countries while executing the deliveries of the equipment, materials and effecting other kinds of technical assistance to be rendered by the Soviet Party, however, should the necessity arise as to sending the above specialists to Iraq from the above countries the Soviet organizations shall obtain in advance the Iraqi Party's consent thereto.

#### *Article 15*

Should any difference arise between the Soviet and Iraqi organizations in respect to any problem connected with this Agreement or contracts concluded

on its basis, the representatives of the USSR Government and the Government of the Republic of Iraq shall exchange consultations and make efforts to settle such differences.

*Article 16*

The representatives of the Parties shall meet at least once a year at the proposal of either Party with an object of checking the progress in the execution of this Agreement and preparing, if necessary, the respective recommendations. The above recommendations shall be submitted for consideration of the Governments of Contracting Parties. The above meetings shall be held in Moscow and Baghdad in turn.

*Article 17*

This Agreement is subject to ratification in accordance with the procedure existing in either country and shall enter into force on the date of the exchange of the instruments of ratification which shall take place in Baghdad.

DONE in Moscow this 4th day of July 1969 in two original copies, each in the Russian, Arabic and English languages, all the three texts being equally authentic and the English text being the operative one.

On behalf of the Government  
of the Union of Soviet  
Socialist Republics :

[Signed—Signé]<sup>1</sup>

On behalf of the Government  
of the Republic of Iraq :

[Signed—Signé]<sup>2</sup>

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<sup>1</sup> Signed by V. Novikov — Signé par V. Novikov.

<sup>2</sup> Signed by Saleh Makhdi Ammach — Signé par Saleh Makhdi Ammach.